

September, 2005



CITY OF TIPP CITY

Gas Aggregation Program Update

Tipp City To Suspend Gas Aggregation Program

On Monday, August 15, 2005, Tipp City Council reviewed the successes and failures of the City's nearly two-year old venture in the gas aggregation program. The bottom line is that this program was successful the first year, but not so the second year. The "success" of the program ultimately hinged upon whether or not residents could actually save money on their natural gas bills. A savings was achieved in year 1 (December 2003 - November 2004), but not year 2 (December 2004 - November 2005). Therefore, City Council has decided that effective November 30, 2005 the program will be suspended. By suspending the program, the City still reserves the right and ability to restart a program in the future if a significant savings is achievable. The City will retain its certification as a governmental natural gas aggregator with the Public Utilities Commission of Ohio (PUCO).

Why the program is being suspended?

- Vectren has made a conscientious effort to keep their Gas Recovery Charge ("GCR") low in relation to other Gas Choice options
- The price of natural gas has been at near record highs, which has led to a great deal of fluctuation in the natural gas market. In the City's program, the gas price was locked in for a fixed period of time - 12 months, whereas Vectren was purchasing its gas monthly adjusting its gas supply charge based upon the lowest price available.
- Vectren was also able to secure a more favorable tax treatment with the State of Ohio, whereby Vectren's customers would pay an excise tax that is about 3% lower than the state sales tax applied to customer's bills in the aggregation program.

When does the program end?

The current program will expire at the end of this November and people who are currently participating in the program will automatically migrate from IGS as their gas supplier to Vectren Energy Delivery of Ohio (VEDO). If you desire to have your gas supplied by someone other than VEDO, call 1-877-742-5622 or go to the website of the Ohio Consumer Counsel at www.pickocc.org and look at the gas customer choice program offered to residents in the VEDO territory. There are three gas choice suppliers offering fixed rate programs; VectrenSource (a separate subsidiary of VEDO), IGS, and Shell Energy.

Questions????

If you have questions regarding the program, please contact the City Manager's Office at 667-8425.

MONTH	VEDO GCR	TIPP AGG GCR
11-03	\$6.5037	\$6.99
12-03	\$6.8253	\$6.99
1-04	\$7.2692	\$6.99
2-04	\$7.0075	\$6.99
3-04	\$6.7041	\$6.99
4-04	\$7.0567	\$6.99
5-04	\$7.8756	\$6.99
6-04	\$8.6806	\$6.99
7-04	\$8.5687	\$6.99
8-04	\$7.6498	\$6.99
9-04	\$7.7146	\$6.99
10-04	\$7.7549	\$6.99
11-04	\$7.7919	\$6.99
12-04	\$8.0162	\$9.71
1-05	\$7.7919	\$9.22
2-05	\$7.5834	\$9.22
3-05	\$7.5427	\$9.22
4-05	\$8.9504	\$9.22
5-05	\$9.4919	\$9.22
6-05	\$8.7120	\$9.22
7-05	\$9.4821	\$9.22
8-05	\$9.4177	\$9.22
9-05	\$10.4766	\$9.22